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HOUSE BILL NO. 1756

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Appropriations
on February 4, 1999)

(Patron Prior to Substitute—Delegate Putney)

A BILL to amend and reenact § 51.1-600 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 6 of Title 51.1 a section numbered 51.1-606, relating to deferred compensation plans.

Be it enacted by the General Assembly of Virginia:

1. That § 51.1-600 of the Code of Virginia is amended and reenacted, and that the Code of Virginia is amended by adding in Chapter 6 of Title 51.1 a section numbered 51.1-606 as follows:

§ 51.1-600. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Act" means the Government Employees Deferred Compensation Plan Act.

"Board" means the Board of Trustees of the Virginia Retirement System.

"Deferred compensation plan" means a plan which allows an employee to elect to defer some portion of income until some stated time in the future; provides that the federal and state income tax on such income will be deferred until the actual receipt of such income; and is established pursuant to the provisions of § 457 of the Internal Revenue Code.

"Employee" means any salaried person, including appointed or elected officials, providing services for the Commonwealth, state agencies, counties, municipalities, or other political subdivisions.

"Qualified participant" means an employee of the Commonwealth with at least twelve consecutive months of service who is making continuous deferrals of at least ten dollars per pay period in a deferred compensation plan.

§ 51.1-606. Contribution to qualified participants.

A. The Department of Accounts, or any agency of the Commonwealth not covered under the central payroll system, shall transfer funds from agency appropriations to the private corporation or institution designated by the Board pursuant to subsection A of § 51.1-602. Those funds shall be credited to an account for each qualified participant in a plan established pursuant to the provisions of § 401(a) of the Internal Revenue Code of 1986, as amended. The funds to be transferred shall be an amount as may be approved by the General Assembly. The funds so credited shall be held, administered and invested as provided for in this chapter and in the plan document adopted for the administration of such contributions.

B. The amount credited on behalf of a qualified participant pursuant to this section shall not exceed fifty percent of the amount that the qualified participant voluntarily contributes or fifty dollars, whichever is less, to the deferred compensation plan established under this chapter.

C. The Board shall have the authority to establish a plan pursuant to § 401(a) of the Internal Revenue Code of 1986, as amended, for the purpose of implementation of this section.

2. That the provisions of this act shall become effective on January 1, 2000.